

# EXHIBIT 1

**DECLARATION OF AAU PRESIDENT BARBARA R. SNYDER**

I, Barbara R. Snyder, declare as follows:

1. I am President of the American Association of Universities (“AAU”). I have held that position since October 1, 2020. I make this declaration in support of Plaintiffs’ Motion for a Temporary Restraining Order.

2. I have personal knowledge of the contents of this declaration or have knowledge of the matters based on my review of information and records gathered by AAU personnel and personnel from our member universities and could testify thereto.

3. Founded in 1900, the AAU is composed of America’s leading research universities. AAU’s 71 research universities transform lives through education, research, and innovation. Our member universities earn billions of dollars in competitively awarded federal funding for scientific research, which seeks to address our nation’s challenges, and contributes significantly to our economic strength, while educating and training tomorrow’s leaders and innovators. AAU member universities collectively help shape policy for higher education, science, and innovation; promote best practices in undergraduate and graduate education; and strengthen the contributions of leading research universities to American society. AAU’s primary goal is to provide a forum for the development and implementation of institutional and national policies promoting strong programs of academic research and scholarship and undergraduate, graduate, and professional education.

4. The federal government has selected AAU member universities to conduct a wide variety of vital research on behalf of United States citizens, funded in part by agency awards from across the federal government, including but not limited to the National Science Foundation (“NSF”). AAU member universities each receive significant research funding from NSF grants. For example, in fiscal year 2023, AAU members received approximately \$3.7 billion in NSF

research and development funds stretching across various fields, from nanotechnology, semiconductors, artificial intelligence (AI), and quantum computing to neural interfacing devices, novel simulations to aid drug discovery, and biomedical engineering to advance drug delivery systems. And many AAU institutions have plans to apply for future NSF awards. AAU is dedicated to protecting its member universities' ability to conduct research that is supported by NSF grants. Relying on awards issued by NSF, AAU member universities work on fundamental research that targets some of the most difficult and pressing scientific problems related to degenerative and chronic diseases, quantum computing, novel AI technologies, nanoelectronics, novel materials, semiconductors, and energy-efficient systems, along with a host of other fields.

5. AAU member universities include, among others, Plaintiffs Arizona State University, Brown University, the California Institute of Technology, the University of California, Carnegie Mellon, the University of Chicago, Cornell University, the University of Illinois Urbana-Champaign, the Massachusetts Institute of Technology, the University of Michigan, the University of Minnesota Twin Cities, the University of Pennsylvania, and Princeton University. I understand that these AAU members and several others are submitting declarations in this litigation, which provide institution-specific detail on the matters described here.

6. On a typical grant, the funding amounts must cover both direct costs (expenses directly related to the specific grant activity) and indirect costs. Indirect costs cover essential expenses such as facilities, utilities, financial administration, and operations that enable research to flourish safely and responsibly, such as research compliance and safety programs, human and animal research protections, and hazardous waste disposal. *See* Office of Management and Budget ("OMB") Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. §§ 200, *et seq.* (the "Uniform Guidance").

Historically, the federal government has used a narrower definition of direct costs than is typical in foundation-funded research, mostly to streamline budgeting and minimize administrative burdens on the agencies. Significantly reducing the allowable indirect cost percentage on future awards without altering the way in which costs are classified as direct or indirect significantly will disrupt the financial model that has supported needed research and innovation across the United States for decades.

7. Although the federal government's portion of funds needed for university research has been declining over time, indirect cost reimbursements are vital to the operation of the nation's federal research system, which includes the sponsored activities aimed at improving our scientific progress and advancing US innovation as well as educating our country's future research scientists, at AAU member universities. Direct costs on NSF awards simply fall short of covering the real, comprehensive cost of sponsored activities, and do not reflect the full facilities and administration costs that AAU member universities must incur in order to be able to perform and safeguard the research, training, and education that has made our nation the leader in scientific research.

8. On May 1, 2025, NSF issued a policy notice titled "Implementation of Standard 15% Indirect Cost Rate. ("the Policy"). The Policy provides that "[e]ffective May 5, 2025," instead of using the negotiated indirect cost rate for universities, "NSF will apply a standard indirect cost rate not to exceed 15% to all grants . . . awarded to [universities] for which indirect costs are allowable." The Policy applies this limit on indirect cost rates only with respect to universities, not to other recipients of NSF grants.

9. If the Policy is permitted to remain in effect, it will harm the scientific research ecosystem and research at AAU member universities that drives economic activity across the

country and the scientific and technological progress required to ensure future US competitiveness.

10. Such a drastic decrease in allowable indirect costs for future awards will impair AAU member universities' ability to conduct sponsored research. AAU members have applications for NSF grants currently under review and/or are in the process of submitting new grant proposals. These proposals are predicated on the existing negotiated indirect cost rate for each member institution. If these awards suddenly impose a 15% indirect cost cap, it will be impossible to complete the projects as proposed. Many AAU members will be forced to reject offers of awards for pending proposals that include a 15% indirect cost cap and abandon future proposals that they cannot sustain at the 15% indirect cost rate. This will mean forgoing crucial scientific research.

11. If the Policy remains in place, AAU member universities will no longer be able to carry out all the sponsored activities, including supporting the next generation of research scientists and properly maintaining facilities and equipment currently in use. AAU member universities do not have sufficient budgeted operational funds to cover a sudden structural decrease in indirect cost recovery on an ongoing basis, and will be required to implement layoffs, both for researchers, staff scientists, post-doctoral trainees, research administration officers and other employees of the universities who perform critical but indirect work in support of sponsored activity (such as custodians, security guards, and so forth); and reductions in administrative costs necessary for research services, as well as consider the implications for institutional capacity to enroll current and future doctoral students and support their progression to degree completion. This harm is not limited to monetary damages that can be rectified with a compensatory award. For example, even if the indirect cost rate is increased at a later date, if a

research facility must be closed in the interim because its operation and maintenance cannot be funded without interruption, it is often difficult, if not impossible, to reopen such facilities.

12. AAU member universities necessarily rely on both the direct cost and the indirect cost portions of funding provided with each specific NSF award in formulating their overall operating budgets in any given year. Many of the AAU's member universities have negotiated an indirect cost rate that is significantly higher than 15 percent, often in the 50-to-60-percent range. Operating budgets rely upon estimates of direct and indirect sponsored funding to plan for annual staffing needs, infrastructure support (*e.g.*, IT networks), regulatory compliance including research security requirements, safety and grant management support, facility building and renovation, and equipment purchases to support a broad range of research activities.

13. I understand several AAU member universities will explain at greater length in their own declarations the devastating impact the Policy will have on their programs.

14. In addition, we have heard from other member universities whose programs will face significant disruption as a result of the Policy.

- a. Boston University relies on NSF funding for critical research into such areas as lab-grown human tissues, algorithms for hearing aid and speech recognition, efficient power systems, and generative artificial intelligence. If the indirect cost rate is reduced to 15%, BU's anticipated five-year average F&A cost recovery for its new NSF awards would be reduced from \$12.2 million to approximately \$3.5 million. This would have a significant impact on BU's research activities given its reliance on those funds to maintain specialized equipment and facilities and staffed departments.

- b. At the University of Maryland, College Park, NSF is one of their largest sources of federal research support. The campus estimates, based on prior years of NSF funding, that they would lose approximately \$13 mil a year under a 15% NSF F&A rate.

15. The harmful impact of the new Policy is not limited to AAU member universities. Many AAU member universities are the largest employers in their local areas. If the lower indirect cost reimbursement rate—or, worse, inability to apply for future grant awards of grant awards—requires layoffs, that loss of employment will be harmful not only to the affected employees and their families, but to the overall economic stability of AAU member universities' hometowns as a whole. An AAU member university may have to reduce the quantity of equipment and labor used to maintain its facilities, lowering the economic activity of the local area and impairing the funding that flows to essential local government services arising out of that activity.

16. In addition, the Policy will undermine the feasibility of many kinds of specialized research that results in scientific breakthroughs that provide significant social and economic value to the country, sometimes opening up entirely new areas of commercial development. The United States is a stronger, more secure, and more economically vibrant country as a result of the collective benefits arising from federally sponsored research. Additionally, the next generation of scientists, physicians, engineers, and other skilled workers develop their vitally important expertise while learning and working at research institutions such as AAU member universities. The Policy would drastically reduce the positive impact of this work and the pipeline of educated professionals that United States industry requires to be internationally competitive. Slowdowns or halts in research by AAU

member universities will allow competitor nations that are maintaining their investments in research to surpass the United States on this front, threatening our nation's national security and its economic dominance.

17. If AAU member institutions must choose between not applying for future awards and maintaining any future awards at a 15% indirect cost rate that does not cover their true costs, they will often have to choose not to apply for future awards—as many institutions will not be able to sustain the research discussed here at that rate.

18. Quick relief is vital to protect against these devastating consequences. Even if the Policy is ultimately rescinded or held invalid, AAU member universities do not have the ability to cover such radical reductions in indirect cost reimbursement on planned projects during the course of protracted litigation. AAU member universities' existing endowments cannot simply be redirected to pick up these losses. The vast majority of endowed funds are restricted by the terms on which the funds were donated to the AAU member university and cannot legally be used to cover research infrastructure costs. Moreover, an AAU member university may only draw down the portion of the endowment that is unrestricted at a rate that complies with applicable law.

19. As non-profit institutions, AAU member universities reinvest nearly all of their revenues into mission-critical activities, leaving little margin to absorb unexpected funding gaps. In other words, unlike for-profit organizations, AAU member universities do not generate significant surpluses that could be redirected without impacting core academic priorities such as educational programs and financial aid support for students.

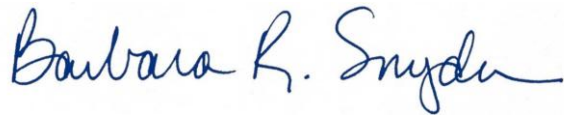
20. Moreover, absorbing the cost of a lower indirect cost rate, even if it were possible, would create long-term budget pressures on AAU member universities, which



would in turn force reductions in key investments supporting AAU member universities' faculty, students, staff, research, and teaching infrastructure, as well as other critical activities needed to maintain AAU member universities' academic excellence.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on May 7 2025, at Washington, DC.

A handwritten signature in blue ink that reads "Barbara R. Snyder". The signature is written in a cursive style with a horizontal line extending from the end of the name.

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BARBARA R. SNYDER